

Message Text

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TAGS: ETRD, EIND, UK, JA

SUBJECT: NEW TOSHIBA-RANK JOINT VENTURE FOR TV PRO-
DUCTION

1. TOSHIBA OF JAPAN AND RANK RADIO INTERNATIONAL OF
BRITAIN SIGNED A JOINT VENTURE AGREEMENT AUGUST 23 FOR
THE PRODUCTION OF TELEVISION SETS AND OTHER AUDIO
EQUIPMENT IN RANK'S UK FACTORIES.

2. TOSHIBA IS PUTTING UP 3 MILLION POUNDS CASH,
MOSTLY FOR NEW PRODUCTION EQUIPMENT, AND WILL ALSO
SUPPLY ITS ADVANCED TECHNOLOGY. RANK IS CONTRIBUTING
3 EXISTING FACTORIES IN THE WEST OF ENGLAND WITH
BOOK VALUE OF 7 MILLION POUNDS. THE NEW COMPANY,
RANK TOSHIBA, WILL BE 30 PERCENT OWNED BY TOSHIBA AND
70 PERCENT BY RANK.

3. THE UK GOVERNMENT IS CONTRIBUTING 1.95 MILLION
POUNDS IN THE FORM OF A INTEREST RELIEF GRANT.

4. PRODUCTION PLANS CALL FOR RANK TO INITIALLY CON-
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TINUE MANUFACTURE OF ITS PRESENT SETS WITH TOSHIBA-
DESIGNED MONOCHROME SETS AND AUDIO PRODUCTS BEING
ADDED ON NEW PRODUCTION LINES. TOSHIBA COLOR SETS
WILL ENTER PRODUCTION LATER. WITHIN THE NEXT FEW
YEARS THE INTERNAL DESIGN OF ALL COLOR SETS WILL USE
TOSHIBA TECHNOLOGY, EVEN THOUGH SETS WILL CONTINUE
TO BE MARKETED UNDER THE TWO SEPARATE BRAND NAMES.

PRODUCTION LEVELS OF COLOR SETS ARE EXPECTED TO INCREASE FROM THE PRESENT 175,000 UNITS PER YEAR TO 350,000 IN 1981. THE TOSHIBA OUTPUT, ABOUT 40 PERCENT, WILL BE AIMED LARGELY AT THE CONTINENTAL MARKET WHILE RANK CONCENTRATES ON THE UK DOMESTIC MARKET.

5. THE QUESTION OF BRITISH CONTENT IN THE JOINTLY-PRODUCED COLOR SETS REMAINS UNANSWERED. APPARENTLY NO COMMITMENTS HAVE BEEN MADE AND RANK SAYS IT WILL BUY FROM THE MOST COMPETITIVE SOURCE.

6. TOSHIBA NOW JOINS SONY AND MATSUSHITA IN HAVING A MANUFACTURING PRESENCE IN THE UK. TOSHIBA, HOWEVER, HAD TO SATISFY ITSELF WITH A JOINT VENTURE WHILE SONY AND MATSUSHITA WERE IN THE UK EARLIER AND ABLE TO ESTABLISH NEW WHOLLY-OWNED FACTORIES WITHOUT ANY DIFFICULTY. SINCE THAT EARLIER OPEN DOOR PERIOD RESISTANCE HAS BUILT UP AGAINST JAPANESE COMPANIES BEING ESTABLISHED AS LARGELY ASSEMBLY OPERATIONS FOR JAPANESE COMPONENTS BECAUSE OF TRADE UNION FEAR OF LOSING JOBS AND DOMESTIC COMPANY FEAR OF LOSING SALES.

7. LATE LAST YEAR HITACHI WAS FORCED TO WITHDRAW ITS PLANS FOR A NEW TELEVISION FACTORY IN THE FACE OF PRESSURE FROM TRADE UNIONS AND BRITISH ELECTRONIC COMPANIES. SINCE THAT EMBARRASSMENT TO THE GOVERNMENT'S UNCLASSIFIED

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OFFICIAL POLICY OF WELCOMING FOREIGN INVESTMENT, THE GOVERNMENT HAS SOUGHT TO REASSURE JAPANESE COMPANIES THEY ARE STILL WELCOME. INITIAL TRADE UNION REACTION TO THE TOSHIBA VENTURE HAS BEEN POSITIVE AND THE GOVERNMENT MAY BE FEELING SOMEWHAT RELIEVED THAT JAPANESE COMPANIES HAVE NOT BEEN COMPLETELY DETERRED FROM USING THE UK AS THEIR EUROPEAN MANUFACTURING CENTER.

STREATOR

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